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UNCLAS QUITO 002534

SIPDIS

SECSTATE FOR US TRADE REPRESENTATIVE
USTR FOR BUD CLATANOFF, USDOL FOR JORGE PEREZ-LOPEZ, DRL/IL
FOR GREG MAGGIO, EB FOR AMY HOLMAN

E.O. 12958: N/A

TAGS: [ELAB](#) [PGOV](#) [EC](#)

SUBJECT: MOL PROMISES SUBCONTRACTING DECREE THIS WEEK

REF: QUITO 2480

[11.](#) (SBU) Summary. At breakfast with the Ambassador September 15, Minister of Labor Raul Izurieta said the President would sign the oft delayed labor decree on subcontracting by September 17. On September 14, union leaders told PolOff they were worried the decree would not sufficiently limit subcontracting abuses. End Summary.

Minister Says Decree A Done Deal

[12.](#) (SBU) The Ambassador thanked Izurieta for his hospitality during the recent labor delegation visit (reftel). The Ambassador asked if there was any progress on the long-delayed subcontracting decree. Izurieta said he would need until September 21 to consult with unions again and make additional changes. The Ambassador emphasized the need for closure on this ATPDEA commitment by the GoE and suggested the President consider signing the decree before planned travel to Washington the week of September 20. Izurieta agreed, and promised to recommend the President would sign the decree by September 17.

[13.](#) (U) Izurieta also described his good relations with the Labor Commission in Congress and its President, Andres Paez. Izurieta said he is also working with the unions and business to reach an agreement on hourly wages. Izurieta provided the Ambassador a copy of the latest version of the subcontracting decree, which adds a clause requiring companies to have a maximum 75% of its employees hired through subcontractors. The change reflects union concerns.

Unions Push For Subcontracting Limits

[15.](#) (SBU) On September 14, PolCouns and PolOff attended a reception organized by Patricio Contreras of the Solidarity Center (AFL-CIO) with Izurieta and a broad selection of approximately 50 union leaders. Jaime Arciniegas, President of the CEOSL union, told PolOff that he and other union leaders had met with the President and Izurieta on September 8 to discuss the subcontracting decree. In the meeting, union leaders asked for the decree to limit the number of subcontractors to no more than 15% of employees. Arciniegas said the unions would be willing to support a decree if it limited the number of subcontractors to a maximum of 50%. Union leaders were very concerned about the clause in the decree stating subcontractors can be used "indefinitely," which they feared could further weaken unions.

Comment

[16.](#) (SBU) The last-minute concession to labor unions in the current version of the decree could provoke a legal challenge by business groups or even further delay. Izurieta clearly understands the need for labor reform in Ecuador and is working with key stakeholders, including members of Congress, to this effect. However, if the long-overdue subcontracting decree is any indication, the process for achieving more comprehensive labor reform will be tortuous.

KENNEY